

AUDIT SUMMARY

We audited the Office of Comprehensive Services for At-Risk Youth and Families (Office) for the year ended June 30, 1999. The Department of Education is the designated fiscal agent for the Office. Our audit found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no matters involving the internal control and its operation that we consider material weaknesses; and
- no instances of noncompliance that are required to be reported.

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October 22, 1999

The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Richard J. Holland
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the **Office of Comprehensive Services for At-Risk Youth and Families** (Office), for the year ended June 30, 1999. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objectives, Scope, and Methodology

Our audit's primary objectives were to review the adequacy of the Office's internal control, test compliance with applicable laws and regulations, and evaluate the accuracy of recording financial transactions on the Commonwealth Accounting and Reporting System.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Office's operations. We also tested transactions and performed such other auditing procedures as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles: revenues and expenditures.

We obtained an understanding of the relevant internal control components sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Office's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations.

Management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide an opinion on internal control or on overall compliance with laws and regulations. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Audit Conclusions

We found that the Office properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Office records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System and the Office's accounting records.

We noted no matters involving internal control and its operation that we considered to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations may occur and not be detected promptly by employees in the normal course of performing their duties.

The results of our tests of compliance with applicable laws and regulations found no instances of noncompliance that we are required to report under Government Auditing Standards.

This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

LCR:whb
whb:41

AGENCY INFORMATION

Background Information

The Office of Comprehensive Services (Office) administers the Comprehensive Services Act for At Risk Youth and Families (CSA). CSA is a child-centered, family-focused and community-based system to provide treatment services for children who exhibit serious emotional and behavioral problems. CSA became effective July 1, 1993. The Office became a separate agency in 1996 to consolidate several funding sources and improve the monitoring of CSA expenses. The Office sought to improve the delivery and coordination of services and curtail the historical increases in costs. The State Executive Council (Council) governs the Office and establishes interagency program and fiscal policies, identifies and establishes goals for comprehensive services, and advises the Governor on proposed policy changes. The Office has eight employees paid by the Department of Social Services. The Department of Education is the Office's fiscal agent and provides two additional staff, who monitor and process all CSA payments.

CSA uses three teams that work together to manage collective efforts among state and local agencies and the respective families. These teams are the State Management Team, Community Policy and Management Team, and the Family Assessment and Planning Team. We describe each team in more detail below. Chapter 935 of the Acts of Assembly (Appropriations Act) required all local governments receiving CSA funds to implement a utilization management process for all CSA services. The Office developed documentation standards and utilization review procedures in August 1998. The documentation standards provide localities with a uniform assessment instrument to determine a child's level of needs and a state-approved utilization management plan for all CSA funded services. Beginning in January 1999, utilization reviews are performed to assess the necessity, efficiency, and appropriateness of services and treatment plans. The frequency of these reviews depends on the child's level of needs.

State Management Team

The State Management Team (SMT) develops and makes recommendations to the Council on interagency programs and fiscal policies. They also manage cooperative efforts and training programs between the state and local levels. The SMT includes a representative from the following state agencies: Department of Health; Department of Juvenile Justice; Department of Social Services; Department of Mental Health, Mental Retardation and Substance Abuse Services; and the Department of Education. The SMT also includes a parent representative, a representative of a private provider organization for children or family services, a juvenile and domestic relations district court judge, and an individual from each of the five different geographical areas of the Commonwealth who is also on their community policy and management team.

Community Policy and Management Team

The Community Policy and Management Team (CPMT) is the community's liaison to the state management team. There are over 130 teams across the state, usually one in each locality. The CPMTs develop long-range community-wide policies to maximize the use of state and community funding and staff resources. The CPMT includes a representative from the following community agencies: Community Services Board Establishment, Juvenile Court Services Unit, Department of Health, Department of Social Services, and the local school division. The team also includes a parent representative and a representative of a private provider organization for children or family services (if such organizations or associations exist within the locality).

Each CPMT establishes one or more Family Assessment and Planning Teams based on regional needs. The CPMT recommends individuals and families to a Family Assessment and Planning team. The CPMT also authorizes and monitors expenses for each Family Assessment and Planning Team.

Family Assessment and Planning Team

The Family Assessment and Planning Team (FAPT) assesses the strengths and needs of each at-risk youth and develops individual family service plans to ensure the most appropriate services are provided. The FAPT recommends expenditures for the services to the CPMT. The FAPT includes the local agency representatives from the following community agencies: Community Services Board Establishment, Juvenile Court Services Unit, Department of Health, Department of Social Services, local school division, and a parent representative.

Financial Information

The Office receives funding from the Commonwealth's General Fund and federal grants. Localities also match these funds. In fiscal 1999, the Office had total revenues of over \$125 million, of which over 85 percent came from the Commonwealth's General Fund. Localities matched these funds with local funds of over \$71 million. The Office separates the state and federal revenues into three funds: state pool, state trust, and administrative. The Office allocates the funds based on Appropriation Act requirements. The following table summarizes the Office's expenses by fund over the last three years. Each fund is described in more detail below.

Fiscal Year	State Pool Fund Expenses	State Trust Fund Expenses	Administrative Fund Expenses	Total Expenses
1997	\$ 96,938,140	\$ 315,476	\$ 603,256	\$ 97,856,872
1998	\$ 107,619,672	\$ 484,090	\$ 626,444	\$ 108,730,206
1999	\$ 115,079,089	\$ 642,931	\$ 621,791	\$ 116,343,811

Note: This table includes state and federal funds only.

State Pool Funds

The Office classifies the majority of its state and federal funds as state pool funds. The Office uses these funds to reimburse localities for costs of providing private special education, day care, foster care, and foster care prevention for eligible children and their families.

Fiscal Year	State Pool Fund Expenses	Number of Participants
1997	\$ 96,938,140	14,501
1998	\$ 107,619,672	14,573
1999	\$ 115,079,089	14,909

State pool fund expenses have increased by almost \$20 million (20 percent) over the last three years. During this time, the number of participants has increased by only 2 percent. In fiscal 1999, the Office developed guidelines to address the steady increase in the number of participants and rising service costs. The guidelines provide a framework that enables localities (teams) and families to work together in assessing child

and family needs and strengths, developing viable service plans, and implementing those plans in a responsive, cost efficient manner.

State Trust Fund

The Office also classifies some of its funds as State Trust Funds. The Office gives these funds to localities for the costs associated with new programs and early intervention services for at-risk young children. In fiscal 1999, the Office transferred \$642,931 to eleven localities.

Administrative Fund

The Office classifies its remaining funds as Administrative Funds. These funds are used to offset the added cost localities incur in implementing the CSA. The localities may use these funds for administrative and coordinating expenses, or even direct services to eligible youth and families. In fiscal year 1999, the Office had expenses of \$621,791.